

Milwaukee County Employees' Retirement System (ERS)
Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Members: Guy Stuller
Dean Roepke
Keith Garland

1. Call to Order:

Guy Stuller called the Audit Committee Meeting to order at 1:00 pm, on 9-3-09, in the 2nd Floor/Commission Room (210) of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

2. Roll Call:

<u>Members Present:</u>	<u>Members Excused</u>	<u>Others Present:</u>	
Guy Stuller	Dean Roepke	Gerald Schroeder	Marilyn Mayr
	Keith Garland	Steve Huff	Gordon Mueller
		Mark Grady	

The following handouts were provided to the Audit Committee members and guests:

- Estimated Annual Investment Management Fees Document – Marquette Associates
 - ERS Disability Forms Packet
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3. Topic: ERS Fiscal Officer – Fees Disclosure

The Marquette Associates Fees Document was presented by Gordon Mueller, ERS Fiscal Officer. The ERS fees structure was below the Industry average for most of its accounts. One account was the same and two accounts were higher. The ERS total fund fee was .24, compared to the Industry average of .28. This translates into an ERS benefit of \$647,000.

The Investment Consultant fee is comparable, with Mercer having received \$ 227,460, and Marquette Associates receiving \$ 260,000. For the additional money, ERS receives more extensive reports, research and sound recommendations.

4. **Topic:** Ordinance/Board Rules Discussion (1013 & 1043)

General discussion took place relating to Rule 1013 & a possible Rule 1043. Rule 1013 relates to pension payment options. It is the intent to amend Rule 1013 to put the options in a new logical sequence, to align to the V-3 programming. No other impact would occur. **The Audit Committee endorsed the proposal and will recommend it to the Board on 9-16-09.**

Rule 1043 would have been a new Rule, allowing for more than one beneficiary in all six (6) options. Rule 1035 (Option 7) already allows for any exception that the Board may want to approve, relating to normal retirements. **The Audit Committee determined that there is no need for such 1043 language.**

5. **Topic:** ODR Earnings Information Requirement – Change

General discussion took place on the Ordinance language pertaining to Disability earnings. This issue arose out of a new ERS Procedure being researched and written. Historically, ERS never applied the earnings limitation rule to Ordinary Retirement Disabilities (ODR), just to Accidental Disability Retirements (ADR). Some consideration needs to be given to the following impact areas:

- The Board may or may not choose to modify our current practice
- Retrospective or prospective implementation is a workload issue
- Cost/benefit analysis is a consideration

This item will be handled by the Audit Committee as a future topic.

6. **Topic:** Disability Earnings Requirement Based on Age – Change

Under current practice, earnings information is requested from all ADR pensioners regardless of age. General discussion took place on creating age or retirement conditions for removing a member from complying with this earnings requirement. It was pointed out that it may be easier from a workload perspective to just continue the current practice, whereas changing the current practice might create a potential inconsistency with the ordinance provision. **The Audit Committee agreed to continue the current practice.**

7. **Topic:** Electronic Signatures – V-3 & Self Service

Discussion took place relating to V-3 Self Service and the need for a policy on electronic signatures and ERS acceptance. It was pointed out that V-3/Self Service will be activated in ERS on 9-30-09, with only an information, communication and forms downloading capability. ERS requires verification and actual signatures.

The committee decided that further research needs to be done on the legality and implication of electronic signatures. **This will be explored as a future topic.**

8. **Topic:** The Audit Committee Adjourned at 2:10 PM.

A handwritten signature in black ink, appearing to be 'G. Schroeder', written over a horizontal line.

Submitted by
Gerald J. Schroeder
ERS Manager